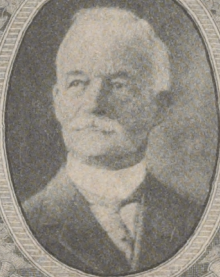


TWENTY-FIFTH
ANNUAL REPORT

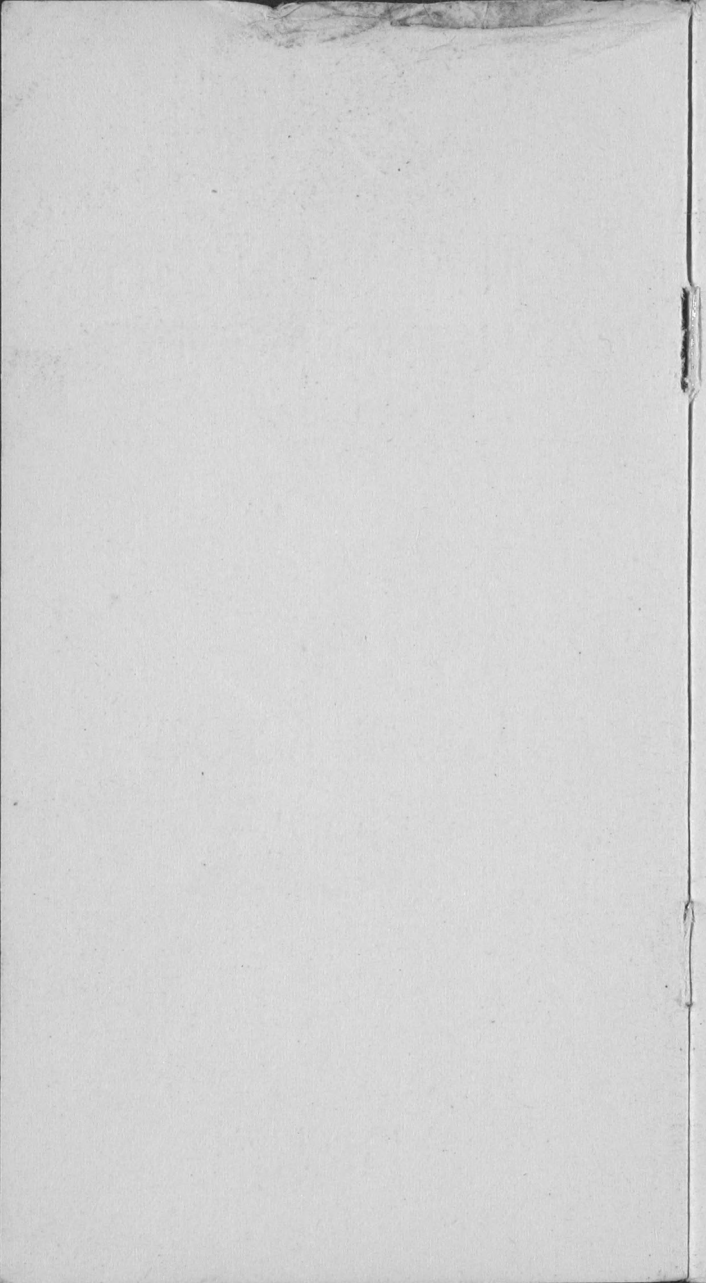
SEMI-JUBILEE
1892-1917.



J. H. BROCK.
FOUNDER OF
THE GREAT-WEST LIFE
ASSURANCE COMPANY.

THE GREAT-WEST LIFE
ASSURANCE COMPANY

HEAD OFFICE:
WINNIPEG, CANADA.



\$40
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The
GREAT-WEST LIFE
ASSURANCE COMPANY



25th
ANNUAL REPORT
· 1917 ·



Head Office
WINNIPEG
CANADA



BOARD OF DIRECTORS

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Sir. A. M. Nanton		

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F. NATION, Esq.
W. H. CROSS, Esq.
SIR DANIEL H. McMILLAN, K.C.M.G.

OFFICERS

C. C. Ferguson, A.I.A., F.A.S.,
General Manager and Actuary

A. Jardine, Secretary

W. McQuaker, Treasurer

Geo. King, F.I.A., F.F.A., F.A.S.,
Consulting Actuary, London, England.





ANNUAL REPORT



THE Twenty-fifth Annual General Meeting of The Great-West Life Assurance Company was held at the Head Office in Winnipeg, on February 5th, 1918. The meeting was largely attended, Policyholders and Shareholders being well represented.

This being the Twenty-fifth Report of the Company great interest was manifested in the excellent reports of progress presented.

Amongst those present were: A. Macdonald, President, G. W. Allan, K.C., M.P., C. C. Ferguson, R. T. Riley, Andrew Kelly, P. C. McIntyre, W. H. Cross, D. L. Pyes, C. C. Sinclair, Dr. H. H. Chown, W. McQuaker, A. Jardine, J. France-Hughes, J. A. Thomson, R. J. MacPherson, E. R. McAllister, A. J. D. Morgan, A. A. Shelford, R. D. Forrester, J. L. Murphy, J. U. Kimmitt, A. L. Petty, A. H. Aronovitch, T. B. Gerow, F. S. Andrews, M. Bull, E. J. Tarr, Sir. J. A. M. Aikins, K.B., J. H. Riley, J. S. Smith, H. Slaser, J. W. B. Gilbert, F. D. MacCharles, J. M. McCormick, A. H. McLeod, W. Davidson Thomson, W. H. Carter, W. J. Shepherd, H. H. McGlynn.

The President, Mr. Alexander Macdonald, occupied the chair. After the customary preliminaries, the General Manager, Mr. C.



C. Ferguson, read the Report of the Board of Directors, the Financial Statement and the Certificate of the Company's Auditors.

DIRECTORS' REPORT

The Directors beg to submit their Report for 1917, the Company's twenty-fifth full calendar year.

NEW BUSINESS During the year applications were received for policies of \$34,435,396.00 and insurances were issued amounting to \$30,309,542.00, an increase of nearly five million dollars over last year.

BUSINESS IN FORCE The total insurance in force now amounts to \$152,643,165.00, an increase of \$19,626,717.00 in the year. This is considerably the largest increase in the history of the Company.

ASSETS The assets of the Company show an increase of \$2,683,095.64 for the year and now amount to \$24,385,666.38.

INCOME The premiums received during the year amounted to \$4,934,625.12; the receipts from interest and rents were \$1,499,807.37, and the total income was \$6,437,320.11 (not including calls on capital).





INVESTMENTS The Company now has \$13,021,491.59 invested in first mortgages on real estate, and the experience of the year has again confirmed our belief that this form of investment combines the best security with the highest interest returns. The rate of interest for 1917, as reported to the Government, was 7.36 per cent.

The Company has subscribed to the Canadian Government War Loans to the extent of \$5,652,500.00, of which \$3,829,000.00 has been allotted and \$2,505,337.00 paid up.

EXPENSES During 1916 the expense rates of the Company showed a substantial reduction. We are pleased to report that during 1917 there was again a material improvement in this important item.

MORTALITY The mortality experienced from ordinary causes during 1917 was under normal. The death claims incurred from ordinary causes during 1917 amounted to \$643,838.20 and the war claims to \$457,082.00, a total of \$1,100,920.20, being only 74% of the amount expected by the Mortality Table. The total war claims to date from the inception of the war have amounted to





\$985,450.00. That the Company has been able to contribute without difficulty this large sum is a striking tribute to its financial solidity.

SURPLUS The surplus earnings of the year amounted to \$895,823.05, an altogether satisfactory showing, especially in view of the large new business written and the considerable war claims which were incurred.

DIRECTORS All of the Directors retire annually and all are eligible for re-election, one-third to be elected by the Policyholders and two-thirds by the Shareholders, in compliance with the Insurance Act.

In conclusion, the Directors desire to express their appreciation of the loyal and efficient services performed during the year by the officials, the staff and agency forces of the Company.

A. MACDONALD,
President.





ACTUARY'S REPORT

The Insurance Act provides that the policy reserves shall be computed on the assumption of a future rate of interest not exceeding three and one-half per cent. Accordingly, the Company's Insurances and Annuities have again been valued partly by three and partly by three and one-half per cent. Thirty-three per cent. of the total business has been valued on the former basis and thus so long as the Company's high rate of interest continues, we shall have a margin for profits from this source of about three and one-half per cent. of the reserves.

The appropriations of Surplus for Policyholders' and Shareholders' Accounts have been made in accordance with the Insurance Act and with the past practice of the Company. It is gratifying to observe a satisfactory increase in the surplus earnings of the year.

C. C. FERGUSON, A.I.A., F.A.S.,

Actuary.

The Report of the Medical Board, giving interesting details of the work of the year, was read by Dr. H. H. Chown, one of the Medical Directors.





AUDITOR'S CERTIFICATE

Winnipeg, Man.,
February 1st, 1918.

I beg to report that a continuous audit of the Books and Accounts of the Great-West Life Assurance Company has been carried out for the year ending 31st December, 1917, and I hereby certify that the foregoing Balance Sheet, with relative statement of Revenue Cash Receipts and Payments, is, in my opinion, properly drawn up so as to exhibit a true and correct view of the Company's affairs according to the best of my information and as shown by the Books at that date.

The individual balances representing the Company's Investments in Mortgages, Debentures, Stocks and Bonds, etc., were checked with their respective ledgers, and the securities covering these (with the exception of those lodged with the Dominion Government and the State Treasurer of North Dakota, sufficient receipt for which has been shown me), duly inspected, while the Funds in Bank and On Hand have been verified respectively by certificates and actual count.

JOHN SCOTT,
Chartered Accountant.





PRESIDENT'S ADDRESS

I have great pleasure in moving the adoption of the Director's report, and, on behalf of my fellow directors and the management generally, I will add a few comments.

A Quarter Century Completed

In August, 1917, the Company completed the first twenty-five years of its history. This has undoubtedly been a period of remarkable achievement and success. The beginnings made twenty-five years ago were modest but as we look back it is now clear that, perhaps, the most important factor in the Company's career was the wise laying of foundation stones. From these beginnings so carefully planned the Company has since developed and I think we may claim that the progress of recent years has been worthy of the ambitions which were entertained at the outset.

During its whole history there has been no interruption to the progress of the Company. There was only one year in which there was not an increase in the new business written and an additional thirty thousand of applications in that year would have made the record perfect. It is sufficient to say of the new business for 1917 that





we had an increase of nearly five million dollars in the year. Of the business on the books at the end of 1917 it is also sufficient to say that there was an increase of nearly twenty million dollars, indicating a greater persistency in the business than we have ever noted before.

The Great-West Life is now a large Company and the achievements of the past as well as the possibilities of the future are best illustrated in the following table:

Year	Business in Force	Assets	Surplus
1907..	\$ 33,566,724	\$ 4,525,558	\$ 523,398
1912..	83,978,739	12,251,982	1,675,051
1917..	152,643,165	24,385,666	3,074,959

Thus, in ten years, we have multiplied the business in force by over four, the assets by over five and the surplus by nearly six.

It is interesting to observe that during 1917, 45% of the total new business was obtained East of the Great Lakes, the balance coming from Western Canada and North Dakota.

The Company's Earnings

With regard to the earnings of a Life Insurance Company, the usual practice is to investigate under three heads (1) Mortality savings (2) Economy of management



(3) Interest earned. These are the three chief sources of profits and therefore it is important to give some consideration to each.

Mortality Experience

The death claims of 1917 exceeded those of 1916 by \$76,797.00. As a percentage this is an increase of 7%, but on the other hand the business in force increased nearly 15%. Consequently the experience of the year was more favorable than in 1916 and the actual claims were just 74% of those provided for under the Mortality Tables.

The Great-West Life has always been favored with a very low mortality rate, and in view of the fact that war claims to the amount of \$457,082.00 were incurred in 1917 that year must be pronounced one of the best in the Company's history so far as claims from ordinary causes are concerned. As will be seen later the Company's earnings showed a considerable increase in 1917. That this has been accomplished in spite of heavy war losses is evidence of what may be expected in the way of increased assets and surplus when, after the war, the mortality experience returns to normal. **My own opinion is that none of us now realize what splendid ambitions for the future may properly be entertained in**

view of the past history of the Company, its present progress and strength and especially in view of the contribution of nearly a million dollars which it has made to the dependents of fallen soldiers with a balance sheet showing an ever increasing surplus.

Economy of Management

These are difficult times in which to economize. The cost of living is increasing in almost every direction. But life insurance premiums have not increased and The Great-West Life has reduced its expense rates. This has not been the result of any reduction in remuneration for work done which would not have been to the Company's credit at the present time. On the contrary the employees' salaries have been raised and the agents have earned more in commissions. The result has been accomplished by avoiding all wasteful expenditures of time and money and by greatly increasing the volume of the business so that the expense being spread over a larger number has become less burdensome on the individual policyholder. Had the same rates of expense prevailed as in 1916, the expenditure would have been increased by over \$80,000.00 and the surplus correspondingly decreased.

Interest Earnings

With this subject there must always be associated a consideration of the Company's investments generally. During 1917 there was a slight increase made in the mortgage holdings of the Company and the rate of interest now obtainable on mortgages is practically the same as it has been in past years. It is a tribute to the high financial standing of Western farmers—and incidentally to the fairness of lending corporations—that whereas Nations, Dominions, Provinces and Municipalities have had to pay greatly increased rates, the interest on mortgages has remained stationary. As usual, in past years, we have conducted our mortgage business during 1917 without a net loss, the few trifling losses made on individual properties foreclosed being slightly more than covered by inconsiderable profits on others. Thus we have practically realized the ideal of the wise mortgage investor who aims to avoid the making either of profits or losses by foreclosure, but whose constant thought is for the security of principal and interest.

The assets of the Company increased by over two and one-half millions in the year, the advance being chiefly in the item of bonds and debentures, which alone increas-

ed by over two million dollars. Of this more than half was due to investments in Canadian Government Bonds. Since the war started our investment policy has been first to subscribe to Canada's War Loans to the limit of our ability and the Country's needs. We will still be in the position to subscribe liberally to future issues and that we have so far done our share in satisfying the country's needs is evident from the fact that only 68% of total subscriptions, aggregating \$5,652,500.00, have been allotted to us. In the next place we have thought it wise to maintain our valuable mortgage organization intact by accepting all first class loans which have been offered. After this we have still had funds to invest largely in municipal, school district and rural telephone bonds, which have been available at extremely favorable terms. **The result is that we have been able to maintain our average net interest rate practically unchanged as compared with previous years.** We have never sought to make investments simply at a nominally high interest rate. The collectability of the interest and principal has always been the paramount consideration and that we have succeeded is evident from the fact that past due interest at December 31st,



1917, was only 1.22% of the total mortgages, or .65% of the total assets. In accordance with past experience we may reasonably expect that practically all of this will be collected in 1918.

In concluding my comments in this connection, I would remind you that high interest earnings, duly collected, are the chief source of profits to policyholders, and that Canadian Government Bonds, purchased now, may probably be sold in a few years time at a considerable premium. For instance, if in three years Canada is in a position to borrow money at $4\frac{1}{2}\%$, one million dollars, invested now in twenty-year Victory Loan Bonds, would then show an appreciation of about \$115,000.

The Surplus

There has thus been a definite improvement in the three vital surplus factors and this appears in the form of surplus earnings increased by twenty per cent. A large new business usually has an adverse effect upon the surplus of the year in which the large business is secured, through the first-year premiums being inadequate to cover the initial expenses and the reserve required by law. **In view of this it is well worth noting that in 1917 we increased the new**





business by twenty-five per cent. and the surplus earnings by twenty per cent.

The profits to policyholders paid by the Company have been very large, but events have shown that we were perfectly justified in the liberality adopted. Indeed, had there been no war claims, there would now have been, in all probability, an irresistible argument for an increase in our profit allotments.

The Company and the War

The Company has given every encouragement to its employees to enlist for overseas service and practically every eligible man offered his services, even before conscription was introduced. By establishing a system of war allowances, all permanent employees who have enlisted have been retained on the staff. In all sixty-two have responded to the call and we are greatly pleased to report that, so far, the fatalities among our men have been very few, as only three have lost their lives. Needless to say a hearty welcome is assured to all spared to return. We send them now our greetings and we appreciate fully the fact that while bravely defending their country they are at the same time performing a most valuable service for the Company in protecting its assets. The same may be said of



the policyholders who have fought and are still fighting on our behalf. We think that we have fully appreciated this and accordingly have adopted the most liberal measures possible with regard to policyholders subject to the war risk.

Thus all war restrictions contained in policies in force at the outbreak of the war have been waived, and the conditions inserted in subsequent policies have been most liberal. Our business has been growing so rapidly during recent years, that probably no Canadian Company has had so many of its policyholders at the front. **If we have had war claims, our only regret is, as I remarked last year, that for every claim paid a brave soldier of the Empire has laid down his life.**

Organization

The Directors have always taken a great pride in the Company's organization for conducting and securing the business. A vast amount of detail work has been accurately performed by the staff at the Head and Branch Offices and there has been, at all times, an evident enthusiasm and loyalty to the Company which is extremely gratifying to the Board. We have also, in our agency organization, a body of men consisting of superintendents, branch-managers,

inspectors and agents, which we regard as the backbone of our Company. It is well worth mentioning that in every division there has been a substantial increase in new business. Under such conditions we look forward to the future with the utmost confidence.

Mr. R. T. Riley, in seconding the motion, said, "We have been so accustomed to beating our own record year by year that it is scarcely worth mentioning, and all I wish to say about that is that this year we have certainly beaten our record in a better manner and in greater measure than ever before. There are two things, in seconding the motion for the adoption of the Report, I desire to place on record. The first is our very great appreciation of the work done by the Medical Staff of the Company consisting not only of the Medical Board at Head Office but the several hundred Medical Examiners throughout the Dominion and in Dakota. It is greatly to the credit of the profession that during the last quarter of a century very little criticism has been made of the work done by them." Mr. Riley also referred to the appreciation of the services of two of the members of the Provincial Board recently deceased, viz.

Mr. W. R. Brock, brother of the founder of the Company, and Mr. G. W. Monk.

Sir. J. A. M. Aikins, K.B. supporting the motion said, "I do not think I have anything to add to the report, the greatest compliment I think I can pay to it is not to attempt to add anything to it. It is excellent and complete in itself. A splendid Board of Directors, a staff that is not rivalled by the staff of any other Company in Canada must be gratified at the results accomplished. What we have done we expect to do again, indeed to surpass."

On motion of Mr. A. Kelly, a vote of thanks to the Field Force of the Company was enthusiastically passed. Mr. Kelly, proceeded to say. "I think they are deserving of this, it will not add much to their bank account but I think they will be glad to know we appreciate their work. While East during the past year I met members of the staff both in Toronto and Montreal and found them always looking after business. I also had the pleasure while on a visit to British Columbia of meeting some of our men connected with that branch and I think the Company is to be congratulated on having such men representing them."

Mr. G. W. Allan, K.C., M.P. on seconding the motion said, "I have very great pleasure indeed in most warmly supporting and seconding the motion made by Mr. Kelly. I do so possibly with greater pleasure and appreciation of the loyal and successful work of our Provincial Managers and Agents in that I had the opportunity during the year of visiting the Montreal and Toronto offices and twice visiting the Company's offices at Regina, Saskatoon, Calgary, Edmonton, Vancouver, and Victoria, and noticed the splendid *esprit de corps* which subsists throughout these various offices of the Company."

Mr. F. P. Hayden, and Mr. A. L. Petty, suitably replied on behalf of the Field Force.

The election of Directors was proceeded with, Messrs. W. McQuaker and E. J. Tarr acting as Scrutineers on behalf of the Shareholders, and Messrs. C. C. Sinclair and J. H. Riley on behalf of the Policyholders, the Board of Directors elected for the ensuing year being Messrs. G. W. Allan, K.C., M.P., G. R. Crowe, Andrew Kelly, Sir A. M. Nanton, Sir. D. H. McMillan, K.C.-M.G., Alexander Macdonald, G. F. Galt, Hon. A. C. Flumerfelt, R. T. Riley, P.C. McIntyre, F. Nation and W. H. Cross, the last four elected by the Policyholders.



At a subsequent meeting of the newly-elected Board, Mr. A. Macdonald was chosen President, and Messrs. G. F. Galt, R. T. Riley and Sir. A. M. Nanton, Vice-Presidents.





BUSINESS STATEMENT FOR THE YEAR 1917

Balance Sheet

ASSETS

Mortgages on Real Estate ..	\$13,021,491.59
Bonds and Debentures.....	4,743,181.19
Head Office Building.....	525,000.00
Real Estate.....	162,597.26
Stocks.....	1,052,913.72
Loans on Company's Policies	3,185,048.92
Reversions.....	168.65
Outstanding and Deferred Premiums.....	761,970.25
Interest due and accrued ...	652,691.53
Cash on Hand and in Banks..	280,603.27
	<u>\$24,385,666.38</u>

LIABILITIES

Policy Reserve.....	\$18,712,453.00
Death Claims Outstanding ..	266,655.23
Present Value of Instalment Claims not yet due.....	122,009.00
Surrender Values Claimable.	3,102.00
Shareholders' Dividend due Jan. 2nd, 1918.....	74,316.88
Premiums Paid in Advance ..	25,997.37
Interest Paid in Advance ...	43,426.11
Policyholders' Profits in course of payment.....	9,695.10
Profits held for Accumulation	444,163.00
Deferred Dividends.....	101,644.00
Sundry Expense Accounts...	9,166.67
Taxes Accrued, payable 1918	79,426.70
Reserves for Mortality and Contingencies.....	300,000.00
Capital Paid Up and Balance of Shareholders' Account ..	1,118,652.70
Surplus (excluding Capital) ..	3,074,958.62
	<u>\$24,385,666.38</u>





CASH STATEMENT

RECEIPTS

Premiums and Annuity Con- sideration	\$4,934,625.12
Interest and Rents	1,499,807.37
Profit on Securities Sold	1,806.80
	<hr/>
	\$6,436,239.29
Calls on Capital	4,010.00
Assets Written Up	1,080.82
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	\$6,441,330.11
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DISBURSEMENTS

To Policyholders for Claims, Annuities, Surrender Values and Profits	\$2,154,083.75
Expenses, Commissions, etc. . .	1,318,403.09
Taxes, Licenses and Fees . . .	76,256.25
Investment Expenses	61,000.00
Dividends to Shareholders . .	148,176.98
Balance	2,683,410.04
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	\$6,441,330.11
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PROVINCIAL BOARDS OF REFERENCE:

Sir. J. S. Hendrie, C.V.O., Lieut-Gov. of Ontario,
Toronto.

Hon. A. A. Thibaudeau, Senator, Montreal.

J. A. Richard, Esq., Manufacturer, Montreal

Hon. James D. McGregor, New Glasgow, N.S.

John Y. Payzant Esq., Halifax.

Professor J. F. Tufts, Acadia College, Wolfville, N.S.

Jos. Allison, Esq., of Messrs. Manchester, Robertson
& Allison Ltd., St. John.

Thomas Walker, Esq., M.D., Medical Referee, St. John.

ONTARIO BRANCH OFFICE:

C. H. Carpenter, Manager and Superintendent of
Eastern Division

M. H. Bingeman, Assistant Manager

H. M. Lumbers, Cashier (on Active Service)

W. P. Mullen (Acting Cashier)

Office: 36 Toronto Street, Toronto.

QUEBEC BRANCH OFFICE:

Chas. A. Butler, Manager

A. Des Rosiers, Assistant Manager

R. Daoust, Cashier

Office: 160 St. James Street, Montreal.

NOVA SCOTIA BRANCH OFFICE:

W. R. C. Hewat, Manager G. F. Greig, Cashier

Office: Dennis Building, Halifax.

NEW BRUNSWICK BRANCH OFFICE:

G. Wetmore Merritt, Manager, E. P. O'Toole, Cashier

Office: Merchants Bank Bldg., 78 Prince William St.,
St. John.

PRINCE EDWARD ISLAND BRANCH OFFICE:

Hyndman & Co., Ltd., Charlottetown, P.E.I.

Managers for Prince Edward Island and Magdalen
Islands.

ALBERTA BRANCH OFFICE:

C. P. McQueen, Manager, E. J. Dewey, Cashier

Office: Eighth Avenue, Calgary.

BRITISH COLUMBIA BRANCH OFFICE:

J. A. Johnson, Manager, F. E. Claydon, Cashier

Office: 640 Hastings Street W., Vancouver.

VICTORIA CITY OFFICE:

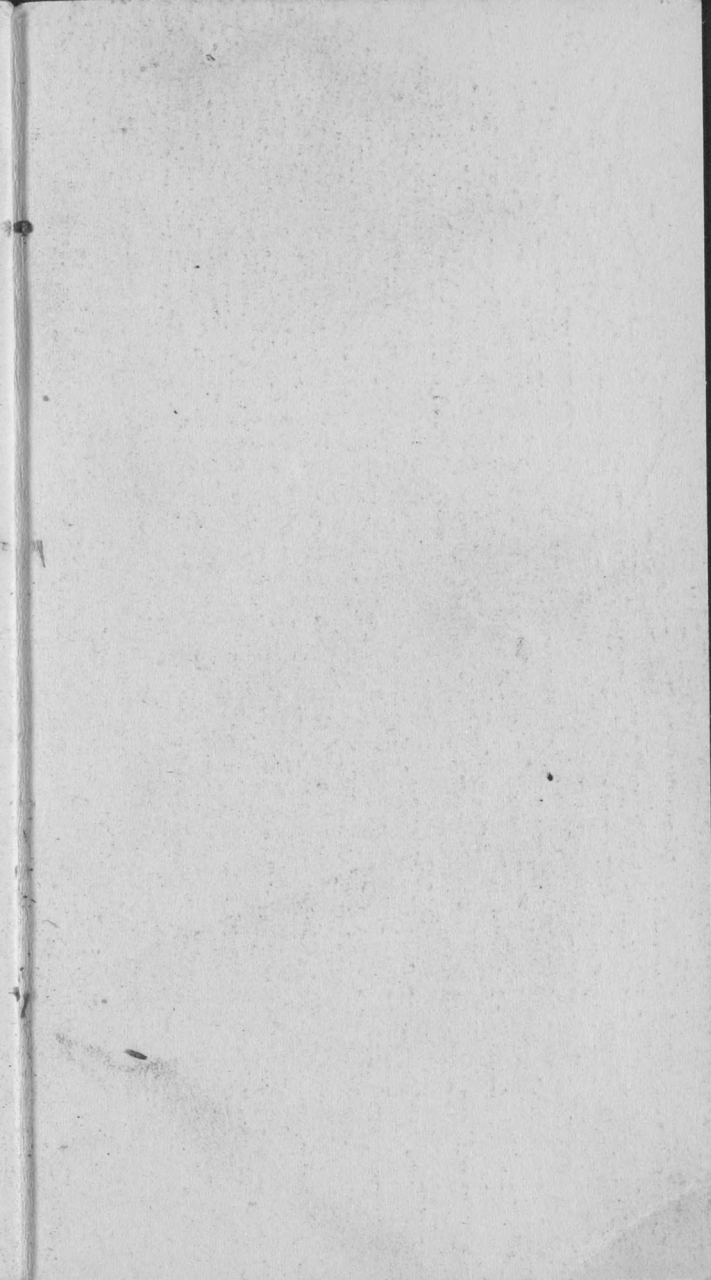
J. C. Wilson, City Manager

Office: 109-110 Union Bk. Bldg., Victoria, B. C.

NORTH DAKOTA BRANCH OFFICE:

State Agent: M. N. Hatcher, Edwards Bk., Fargo, N.D.







1892 THE GREAT-WEST LIFE
ASSURANCE COMPANY 1917

WINNIPEG, CANADA.